

**CALIFORNIA ENERGY COMMISSION**

1516 Ninth Street  
Sacramento, California 95814

**WEBSITES**

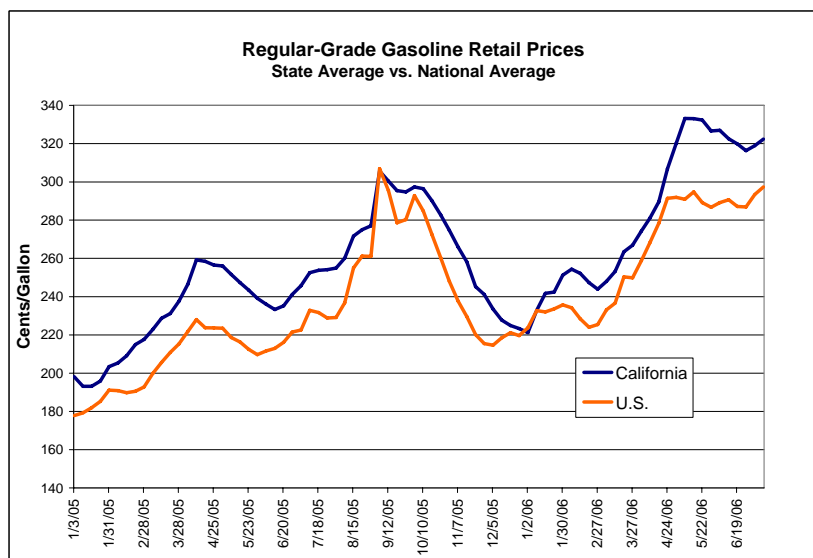
Main website: [www.energy.ca.gov](http://www.energy.ca.gov)

Children's website: [www.energyquest.ca.gov](http://www.energyquest.ca.gov)

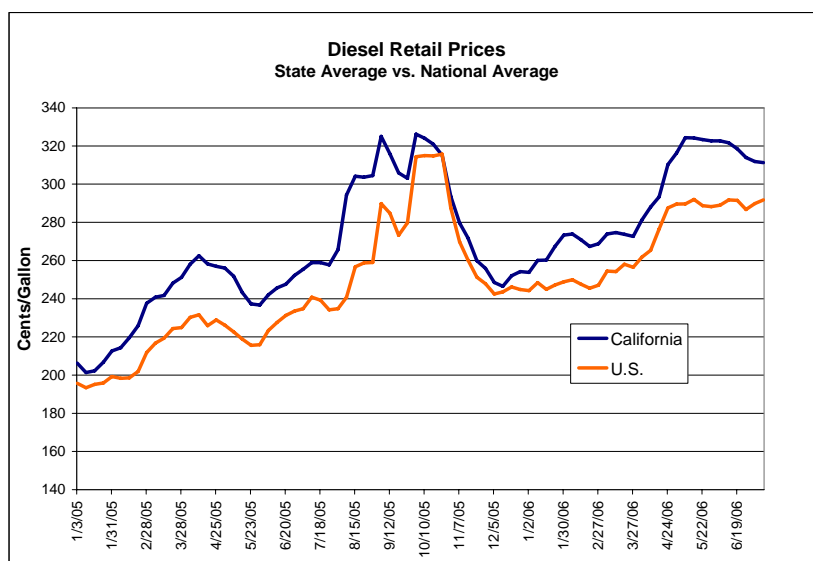
Consumer Information: [www.ConsumerEnergyCenter.org](http://www.ConsumerEnergyCenter.org)

**Petroleum Watch****July 14, 2006*****Retail Gasoline and Diesel Prices on July 10***

- The average statewide **retail price for regular-grade gasoline** increased by approximately 4 cents per gallon this week to \$3.22 per gallon and is now only 11 cents less than the record high of \$3.33 on May 8.<sup>i</sup>
- The difference between California and U.S. retail gasoline prices decreased slightly from last week to 25 cents per gallon.



- The average California **retail diesel price** decreased by 1 cent from the previous week to \$3.11 per gallon. The U.S. retail diesel price, on the other hand, increased by 2 cents. As a result, the difference between California and U.S. prices fell to 20 cents per gallon.



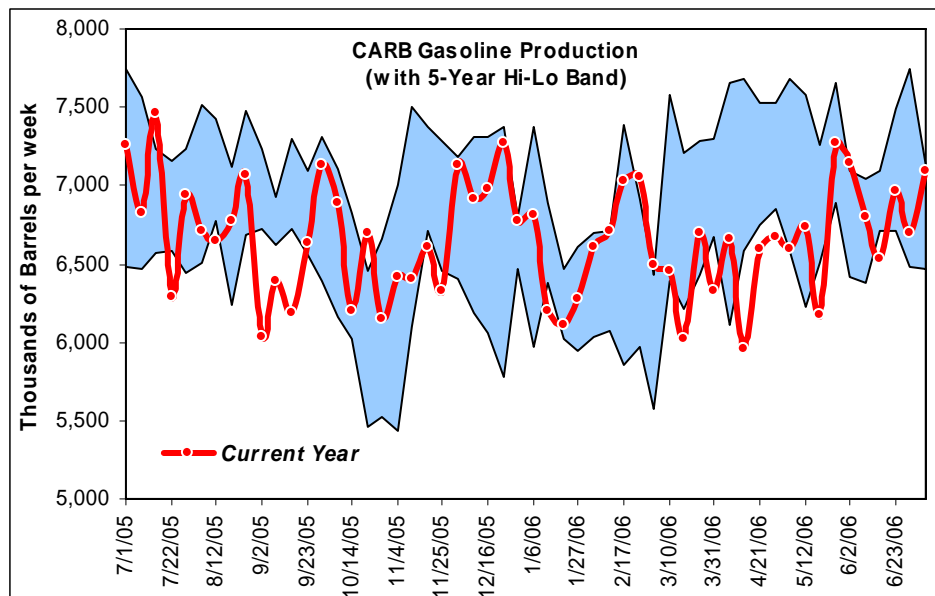
### ***Wholesale Gasoline and Diesel Prices on July 11***

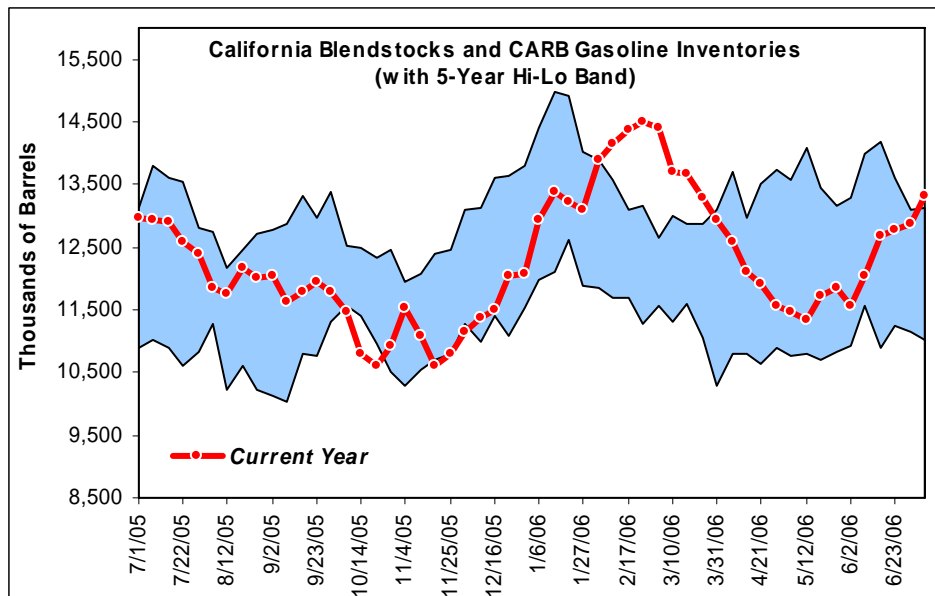
- California spot **wholesale gasoline prices** for regular-grade reformulated blendstock for oxygenate blending (RBOB) declined during the last week and settled at \$2.49 per gallon, 11 cents less than on July 5. Prices are 48 cents lower than the record high of \$2.97 on May 2, but 93 cents more than the 2006 low of \$1.56 on February 14.
- Increased gasoline production and inventories, combined with lower demand after the extended July 4 weekend, have pushed California RBOB spot prices down from last week.
- The difference between spot prices for RBOB in California and New York Harbor rose slightly to 19 cents per gallon from last week, while the difference compared to the Gulf Coast fell to 8 cents, 6 cents lower than on July 5.
- California spot **wholesale low-sulfur diesel prices** dropped since last week to \$2.15 per gallon, a decline of 11 cents. This is 53 cents lower than the record high of \$2.68 on May 3.
- There was no difference between California and Gulf Coast wholesale low-sulfur diesel prices this week. On July 5 prices were 5 cents more in Los Angeles.
- The difference between California gasoline and diesel spot prices rose at the end of last week and then fell back to 33 cents more for gasoline, 1 cent less than on July 5.
- The Energy Information Administration (EIA) weekly assessment for July 7 reports that **U.S. gasoline demand** fell 0.2 percent from the previous week, while distillate

demand rose 1.5 percent. The four-week average demand for gasoline is 9.56 million barrels per day, 1.2 percent more than last year's four-week average. The four-week average for U.S. distillate demand is 4.12 million barrels per day, 2.6 percent more than last year.

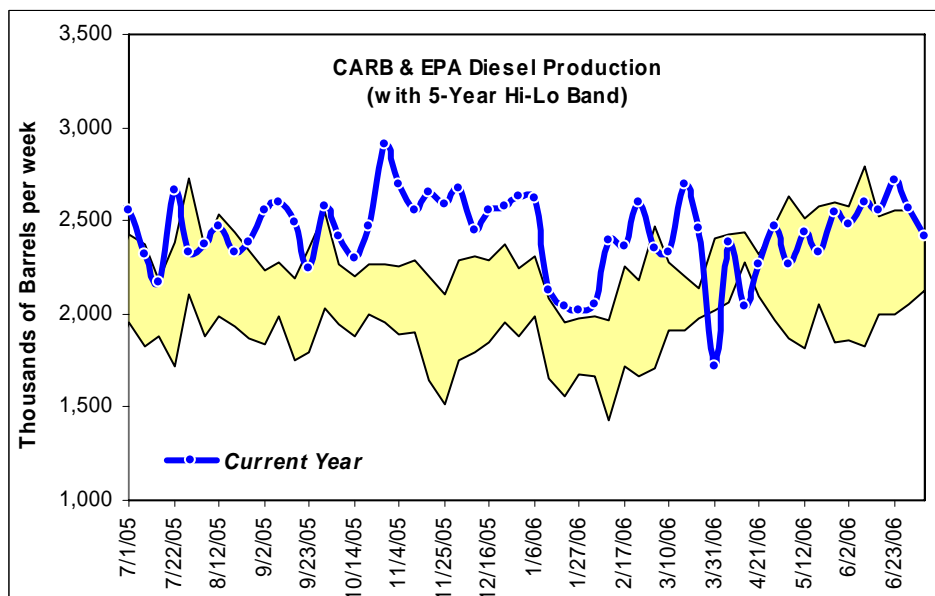
### ***Refinery Production and Inventories***

- Despite several relatively small unplanned refinery unit outages, reformulated **gasoline production** in California during the week ending July 7 grew 5.8 percent from the previous week to 7.09 million barrels, the first week in more than a month with production over 7 million barrels. California reformulated gasoline production has risen to the upper end of the five-year range.<sup>ii</sup>
- With the increase in production, California reformulated **gasoline inventories** jumped 9.8 percent from the previous week but gasoline blendstock inventories fell 0.9 percent. As a result, **combined inventories** of reformulated gasoline and gasoline blendstocks in the state **increased 3.5 percent** to 13.31 million barrels and are at the upper end of the five-year range.
- Despite lower gasoline demand, U.S. gasoline inventories fell 426,000 barrels to 212.7 million barrels as of July 7. Lower production and a large decline in imports were primarily responsible for the stock decrease. However, most of this stock reduction was in the Northeast as total West Coast gasoline inventories sharply increased.

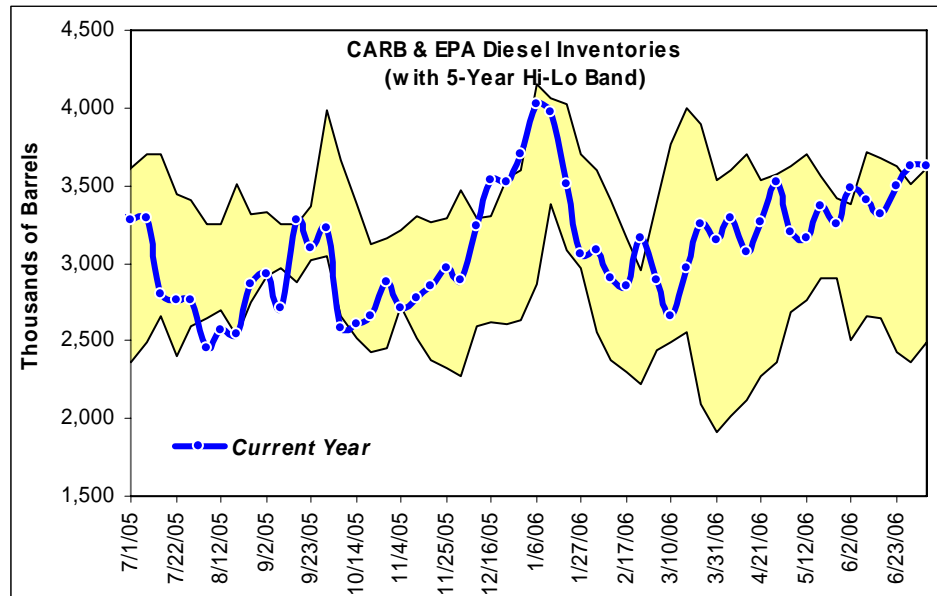




- California low-sulfur **diesel production** during the week ending July 7, including both California diesel and U.S. Environmental Protection Agency (EPA) diesel, fell 5.6 percent from the previous week to 2.42 million barrels from unplanned refinery unit outages affecting distillate units. However, output is still at the upper end of the five-year range for the week.



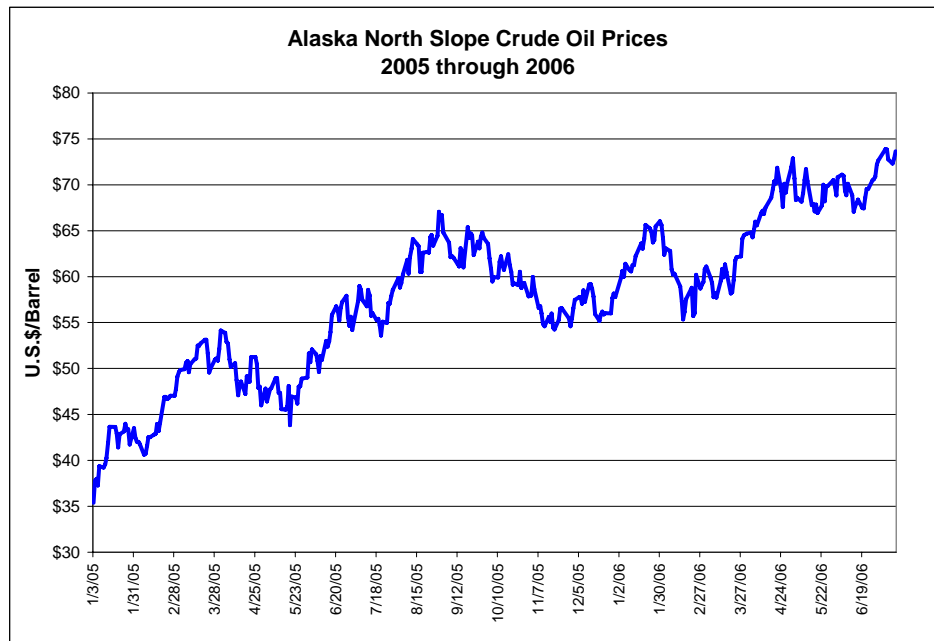
- Despite the production decrease, combined low-sulfur **diesel inventories** in California fell only 0.1 percent from the previous week to 3.63 million barrels and remain at the upper end of the five-year range. Total U.S. distillate inventories as of July 7 increased to 129.9 million barrels, 2.6 million barrels higher than the previous week, with most of the increase in the Northeast and Midwest.



- Alon USA has announced separate agreements to purchase Paramount's 54,000 barrel-per-day refinery in Paramount, California, and other smaller western facilities, as well as a 24,000 barrel-per-day topping plant in Long Beach from Edgington. The Paramount refinery and Long Beach plant will be integrated operationally as a single facility. The Federal Trade Commission is gathering information from Alon USA as part of its investigation of the proposed transaction.

### **Crude Oil Prices and Inventories**

- West Coast prices for Alaska North Slope (ANS) crude oil, an important refinery feedstock for California, fell slightly over the last week from the record high of \$73.89 per barrel on July 5; however, geopolitical tensions and lower U.S. crude oil inventories are threatening to increase prices to that level again. A meeting between European Union and Iranian negotiators has yielded little progress in constraining Iran's nuclear program. Escalating violence between Israel and Lebanon, the train bombings in India, sabotage of oil pipelines and exchanges of gunfire with militants in Nigeria, and the continuing Norwegian oil worker strike have sustained oil prices at these high levels. As a result of these factors, ANS oil prices ended the latest week at \$73.65 per barrel on July 12.<sup>iii</sup>



- Despite lower crude oil inputs to refineries, U.S. commercial crude oil inventories as of July 7 dropped sharply by 6 million barrels to 335.3 million barrels. A large decline in crude oil imports of 920,000 barrels per day from the previous week was the primary cause. However, stocks are still 14.3 million barrels higher than last year and 29.2 million higher than the five-year average.

<sup>i</sup> Spot wholesale and retail gasoline and diesel prices and U.S. crude oil and product inventory estimates are from the Energy Information Administration of the U.S. Department of Energy.

<sup>ii</sup> California refinery production and inventory information are from the Petroleum Industry Information Reporting Act (PIIRA) database maintained by the California Energy Commission.

<sup>iii</sup> ANS crude oil prices are from *The Wall Street Journal*.